



## Senate

General Assembly

**File No. 219**

February Session, 2016

Substitute Senate Bill No. 314

*Senate, March 24, 2016*

The Committee on Labor and Public Employees reported through SEN. GOMES of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING THE TEMPORARY FAMILY ASSISTANCE PROGRAM AND THE PENALTY FOR THE FRAUDULENT RECEIPT OF UNEMPLOYMENT COMPENSATION BENEFITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 17b-112 of the general statutes is repealed and the  
2       following is substituted in lieu thereof (*Effective October 1, 2016*):

3       (a) The Department of Social Services shall administer a temporary  
4       family assistance program under which cash assistance shall be  
5       provided to eligible families in accordance with the temporary  
6       assistance for needy families program, established pursuant to the  
7       Personal Responsibility and Work Opportunity Reconciliation Act of  
8       1996. The Commissioner of Social Services may operate portions of the  
9       temporary family assistance program as a solely state-funded  
10      program, separate from the federal temporary assistance for needy  
11      families program, if the commissioner determines that doing so will  
12      enable the state to avoid fiscal penalties under the temporary

13 assistance for needy families program. Families receiving assistance  
14 under the solely state-funded portion of the temporary family  
15 assistance program shall be subject to the same conditions of eligibility  
16 as those receiving assistance under the federal temporary assistance for  
17 needy families program. Under the temporary family assistance  
18 program, benefits shall be provided to a family for not longer than  
19 twenty-one months, except as provided in subsections (b) and (c) of  
20 this section. For the purpose of calculating said twenty-one-month  
21 time limit, months of assistance received on and after January 1, 1996,  
22 pursuant to time limits under the aid to families with dependent  
23 children program, shall be included. For purposes of this section,  
24 "family" means one or more individuals who apply for or receive  
25 assistance together under the temporary family assistance program. If  
26 the commissioner determines that federal law allows individuals not  
27 otherwise in an eligible covered group for the temporary family  
28 assistance program to become covered, such family may also, at the  
29 discretion of the commissioner, be composed of (1) a pregnant woman,  
30 or (2) a parent, both parents or other caretaker relative and at least one  
31 child who is under the age of eighteen, or who is under the age of  
32 nineteen and a full-time student in a secondary school or its  
33 equivalent. A caretaker relative shall be related to the child or children  
34 by blood, marriage or adoption or shall be the legal guardian of such a  
35 child or pursuing legal proceedings necessary to achieve guardianship.  
36 If the commissioner elects to allow state eligibility consistent with any  
37 change in federal law, the commissioner may administratively transfer  
38 any qualifying family cases under the cash assistance portion of the  
39 state-administered general assistance program to the temporary family  
40 assistance program without regard to usual eligibility and enrollment  
41 procedures. If such families become an ineligible coverage group  
42 under the federal law, the commissioner shall administratively transfer  
43 such families back to the cash assistance portion of the state-  
44 administered general assistance program without regard to usual  
45 eligibility and enrollment procedures to the degree that such families  
46 are eligible for the state program.

47 (b) The Commissioner of Social Services shall exempt a family from

48 such time-limited benefits for circumstances including, but not limited  
49 to: (1) A family with a needy caretaker relative who is incapacitated or  
50 of an advanced age, as defined by the commissioner, if there is no  
51 other nonexempt caretaker relative in the household; (2) a family with  
52 a needy caretaker relative who is needed in the home because of the  
53 incapacity of another member of the household, if there is no other  
54 nonexempt caretaker relative in the household; (3) a family with a  
55 caretaker relative who is not legally responsible for the dependent  
56 children in the household if such relative's needs are not considered in  
57 calculating the amount of the benefit and there is no other nonexempt  
58 caretaker relative in the household; (4) a family with a caretaker  
59 relative caring for a child who is under one year of age and who was  
60 born not more than ten months after the family's enrollment if there is  
61 no other nonexempt caretaker relative in the household; (5) a family  
62 with a pregnant or postpartum caretaker relative if a physician has  
63 indicated that such relative is unable to work and there is no other  
64 nonexempt caretaker relative in the household; (6) a family with a  
65 caretaker relative determined by the commissioner to be unemployable  
66 and there is no other nonexempt caretaker relative in the household;  
67 and (7) minor parents attending and satisfactorily completing high  
68 school or high school equivalency programs.

69 (c) A family who is subject to time-limited benefits may petition the  
70 Commissioner of Social Services for six-month extensions of such  
71 benefits. The commissioner shall grant not more than two extensions to  
72 such family who has made a good faith effort to comply with the  
73 requirements of the program and despite such effort has a total family  
74 income at a level below the payment standard, or has encountered  
75 circumstances preventing employment including, but not limited to:  
76 (1) Domestic violence or physical harm to such family's children; or (2)  
77 other circumstances beyond such family's control. The commissioner  
78 shall disregard ninety dollars of earned income in determining  
79 applicable family income. The commissioner may grant a subsequent  
80 six-month extension if each adult in the family meets one or more of  
81 the following criteria: (A) The adult is precluded from engaging in  
82 employment activities due to domestic violence or another reason

83 beyond the adult's control; (B) the adult has two or more substantiated  
84 barriers to employment including, but not limited to, the lack of  
85 available child care, substance abuse or addiction, severe mental or  
86 physical health problems, one or more severe learning disabilities,  
87 domestic violence or a child who has a serious physical or behavioral  
88 health problem; (C) the adult is working thirty-five or more hours per  
89 week, is earning at least the minimum wage and continues to earn less  
90 than the family's temporary family assistance payment standard; or  
91 (D) the adult is employed and works less than thirty-five hours per  
92 week due to (i) a documented medical impairment that limits the  
93 adult's hours of employment, provided the adult works the maximum  
94 number of hours that the medical condition permits, or (ii) the need to  
95 care for a disabled member of the adult's household, provided the  
96 adult works the maximum number of hours the adult's caregiving  
97 responsibilities permit. Families receiving temporary family assistance  
98 shall be notified by the department of the right to petition for such  
99 extensions. Notwithstanding the provisions of this section, the  
100 commissioner shall not provide benefits under the state's temporary  
101 family assistance program to a family that is subject to the [twenty-one  
102 month] twenty-one-month benefit limit and has received benefits  
103 beginning on or after October 1, 1996, if such benefits result in that  
104 family's receiving more than sixty months of time-limited benefits  
105 unless that family experiences domestic violence, as defined in Section  
106 402(a)(7)(B), P.L. 104-193. For the purpose of calculating said sixty-  
107 month limit: (I) A month shall count toward the limit if the family  
108 receives assistance for any day of the month, and (II) a month in which  
109 a family receives temporary assistance for needy families benefits that  
110 are issued from a jurisdiction other than Connecticut shall count  
111 toward the limit.

112 (d) Under said program (1) no family shall be eligible that has total  
113 gross earnings exceeding the federal poverty level, however, in the  
114 calculation of the benefit amount for eligible families and previously  
115 eligible families that become ineligible temporarily because of receipt  
116 of workers' compensation benefits by a family member who  
117 subsequently returns to work immediately after the period of receipt of

118 such benefits, earned income shall be disregarded up to one hundred  
119 fifty per cent of the federal poverty level; and (2) the increase in  
120 benefits to a family in which an infant is born after the initial ten  
121 months of participation in the program shall be limited to an amount  
122 equal to fifty per cent of the average incremental difference between  
123 the amounts paid per each family size. Except when determining  
124 eligibility for a six-month extension of benefits pursuant to subsection  
125 (c) of this section, the commissioner shall disregard the first fifty  
126 dollars per month of income attributable to current child support that a  
127 family receives in determining eligibility and benefit levels for  
128 temporary family assistance. Any current child support in excess of  
129 fifty dollars per month collected by the department on behalf of an  
130 eligible child shall be considered in determining eligibility but shall  
131 not be considered when calculating benefits and shall be taken as  
132 reimbursement for assistance paid under this section, except that when  
133 the current child support collected exceeds the family's monthly award  
134 of temporary family assistance benefits plus fifty dollars, the current  
135 child support shall be paid to the family and shall be considered when  
136 calculating benefits.

137 (e) A family receiving assistance under said program shall cooperate  
138 with child support enforcement, under title IV-D of the Social Security  
139 Act. A family shall be ineligible for benefits for failure to cooperate  
140 with child support enforcement.

141 (f) A family leaving assistance at the end of (1) said twenty-one-  
142 month time limit, including a family with income above the payment  
143 standard, or (2) the sixty-month limit shall have an interview for the  
144 purpose of being informed of services that may continue to be  
145 available to such family, including employment services available  
146 through the Labor Department. Said interview shall contain a  
147 determination of benefits available to said family provided by the  
148 Department of Social Services. Said interview shall also include a  
149 determination of whether such family is eligible for supplemental  
150 nutrition assistance or Medicaid. Information and referrals shall be  
151 made to such a family for services and benefits including, but not

152 limited to, the earned income tax credit, rental subsidies emergency  
153 housing, employment services and energy assistance.

154 (g) Notwithstanding the provisions of subsection (d) of this section,  
155 a family receiving assistance under said program during the twenty-  
156 one-month time period shall continue to receive assistance during such  
157 twenty-one-month time period when a family member becomes  
158 employed, provided the sum of the family member's wages and such  
159 assistance shall not exceed one hundred fifty per cent of the federal  
160 poverty level.

161 (h) Any member of a family leaving assistance at the end of (1) the  
162 twenty-one-month time limit, including a family with income above  
163 the payment standard, or (2) the sixty-month limit, who was not  
164 employed during the period such family received assistance shall  
165 receive a one-time benefit of one thousand dollars from the program  
166 upon securing employment.

167 [(g)] (i) An applicant or recipient of temporary family assistance  
168 who is adversely affected by a decision of the Commissioner of Social  
169 Services may request and shall be provided a hearing in accordance  
170 with section 17b-60.

171 Sec. 2. Subsection (f) of section 31-273 of the general statutes is  
172 repealed and the following is substituted in lieu thereof (*Effective*  
173 *October 1, 2016*):

174 (f) Any person who knowingly makes a false statement or  
175 representation or fails to disclose a material fact in order to obtain,  
176 increase, prevent or decrease any benefit, contribution or other  
177 payment under this chapter, or under any similar law of another state  
178 or of the United States in regard to which this state acted as agent  
179 pursuant to an agreement authorized by section 31-225, whether to be  
180 made to or by himself or herself or any other person, and who receives  
181 any such benefit, pays any such contribution or alters any such  
182 payment to his or her advantage by such fraudulent means [(1)] shall  
183 be guilty of a class A misdemeanor. [if such benefit, contribution or

184 payment amounts to five hundred dollars or less or (2) shall be guilty  
185 of a class D felony if such benefit, contribution or payment amounts to  
186 more than five hundred dollars.] Notwithstanding the provisions of  
187 section 54-193, no person shall be prosecuted for a violation of the  
188 provisions of this subsection committed on or after October 1, 1977,  
189 except within five years next after such violation has been committed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2016	17b-112
Sec. 2	October 1, 2016	31-273(f)

Section 1	October 1, 2016	17b-112
Sec. 2	October 1, 2016	31-273(f)

**LAB**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
Social Services, Dept.	GF - Cost	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Loss	Up to 147,000	Up to 147,000

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

**Section 1** of the bill will result in a cost to the Department of Social Services (DSS) associated with increasing the income limit for the Temporary Family Assistance (TFA) program and making bonus payments for certain individuals.

Approximately 156 individuals end TFA assistance each month due to exceeding the income limit.<sup>1</sup> While it is not known how many additional months these individuals would remain eligible for assistance, for purposes of an example, maintaining benefits for these individuals for an additional six months would result in an annualized cost of \$5.4 million. This assumes the FY 17 estimated cost per person of \$483 per month. Actual costs would depend on (1) the number of applicable cases, (2) the monthly benefit per case, and (3) the number of additional months each recipient remains eligible.

DSS will also incur a cost associated with a one-time \$1,000 bonus payment for any family member who becomes employed after leaving the TFA program due to time limits. The number of people this would

<sup>1</sup> Data based on October 2014 through November 2015 activity.



apply to is unknown.

**Section 2** reduces, from a class D felony to a class A misdemeanor, the penalty for certain unemployment compensation fraud. As the maximum fine for a class A misdemeanor is \$3,000 lower than the maximum fine for a class D felony, this results in a potential General Fund revenue loss of up to \$147,000 annually.<sup>2</sup> It should be noted that based on Judicial Department data, it does not appear that any fines are being levied under this statute currently.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the (1) number of applicable TFA recipients, (2) monthly benefit per case, (3) number of additional months each recipient remains eligible, and (4) fines collected due to unemployment compensation fraud.

*Sources: Connecticut Department of Labor Unemployment Services Division  
Department of Social Services Cost and Caseload Information  
Judicial Department Offenses and Revenue Database*

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<sup>2</sup> According to the Department of Labor (DOL), since June 2013 there have been 150 arrests and 97 convictions for unemployment fraud due to overpayment from which the DOL recovered a total of \$1,239,555.18.

**OLR Bill Analysis****sSB 314*****AN ACT CONCERNING THE TEMPORARY FAMILY ASSISTANCE PROGRAM AND THE PENALTY FOR THE FRAUDULENT RECEIPT OF UNEMPLOYMENT COMPENSATION BENEFITS.*****SUMMARY:**

This bill expands Temporary Family Assistance (TFA) eligibility for working TFA recipients and provides non-working recipients with a new one-time benefit if they secure employment after their benefit period ends. It also changes the penalty for certain types of unemployment compensation fraud.

The bill increases, from 100% to 150% of the federal poverty level (FPL), the amount of wages a family can earn and remain eligible for TFA benefits when one of its members is an employed recipient.

Currently, families (1) receiving TFA benefits may earn income up to 100% of FPL and still remain eligible for the program and (2) who became ineligible for TFA because a family member began collecting workers' compensation may become eligible again if that family member returns to work immediately after receiving such compensation and the family income does not exceed 100% of FPL. The bill increases the income eligibility threshold in both cases to 150% of FPL. (The 2016 FPL for a family of three is \$20,160.)

Additionally, under the bill, any family member exiting TFA at the end of one of the existing time limits (the standard 21 months or extended 60 months) who was not employed during the TFA assistance period will receive a one-time \$1,000 TFA benefit when he or she secures employment. The bill does not set a time limit on how long after leaving TFA assistance a family member would remain eligible for the \$1,000 benefit.

Under current law, a person who knowingly makes a false statement or fails to disclose a material fact to obtain or maintain unemployment compensation benefits is guilty of a (1) class A misdemeanor if the fraud amounts to \$500 or less or (2) class D felony if the amount is more than \$500. The bill eliminates the felony charge so any such fraud, regardless of the dollar amount, is a class A misdemeanor. By law, (1) class A misdemeanors are punishable by up to one year in prison, up to a \$2,000 fine, or both and (2) class D felonies are punishable by up to five years in prison, up to a \$5,000 fine, or both.

EFFECTIVE DATE: October 1, 2016

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/10/2016)